

Robin McCormick
SONI Ltd
Castlereagh House
12 Manse Road
Belfast
BT6 9RT

18 January 2018

Our ref: CNO/E/TH/301

Dear Robin,

RE: Time limited Derogation from section GD2 (xiii) (c) of the SONI Grid Code (07 August 2015) in relation to Coolkeeragh ESB (CESB) C30 Generator.

I write in relation to a derogation request received by The Utility Regulator (the UR) from CESB on 17th October 2017 regarding the decrement rate for the C30 Generator. Thank you for SONI's consideration of this request, and the response received on 10th November 2017 in support of the derogation.

The relevant code to which the derogation request relates to is in the SONI Grid Code¹ under Section GD2 (xiii);

GD2. CONSTRUCTION OF REFERENCES

(xiii) if any item (including any technical or operational parameter) is defined or determined by reference to a Generating Unit Agreement, then for the purposes of applying this Grid Code to a CDGU that is not the subject of a Generating Unit Agreement, the value of the item shall be taken to be:-

- (a) as set out in or determined under the SSS Agreement (for that CDGU);*
- (b) if paragraph (a) above does not apply, and where the CDGU was subject to any Generating Unit Agreement which is no longer in force, then as set out in or determined under that Generating Unit Agreement as if it were still in effect; and*
- (c) if paragraph (a) and (b) do not apply, then as agreed between the TSO and the Generator (both acting reasonably).*

Background

With the termination of the SSS agreements in 2010, the operational reserve values for CESB C30 were agreed to be held in Schedule 9 of the Harmonised Ancillary Services (HAS) agreements. Schedule 9 of the HAS was used as part of the Grid Code technical parameters for CESB C30. Since the termination of the HAS agreements in 2016, the required Grid Code technical parameters for each unit are now held in a side letter between the SONI (the TSO) and CESB (the Generator).

¹ SONI Grid code 07 Aug 2015 <http://www.soni.ltd.uk/media/documents/Operations/Grid-Code/SONI%20Grid%20Code%20Version%20Aug%202015.pdf>

CESB state in the derogation request that SONI have issued an updated side letter which now includes the reserve curves with the 1:1 decrement rate for all reserve categories. As sections GD2 (xiii) (a) and (b) of the SONI Grid Code do not apply, section GD2 (xiii) (c) is in effect and CESB are required to meet the decrement rate value of 1:1 specified in the side letter. In the derogation request, CESB that a decrement rate of 0.67:1 is required to reflect the capability of C30.

Coolkeeragh ESB Response

CESB stated in the derogation request that non-compliance with the 1:1 Primary Operating Reserve (POR) decrement rate will occur as the combined cycle plant is not capable of delivering POR on the proportion of the load carried by the steam turbine. They further stated that this situation only arises at the point where the load on the machine is such that the full POR contracted value cannot be met by the gas turbine alone.

CESB requested a derogation for the lifetime of C30 but stated that the derogation will be reviewed every five years or in the event of any technology improvements offered by the Original Equipment Manufacturer (OEM) which could enhance reliable delivery of a 1:1 POR decrement rate. CESB also provided reasoning on how the derogation should have a positive impact on both consumers and security of supply. They stated that by providing a more accurate POR figure to SONI it should allow SONI to make provisions which will result in them carrying the correct POR at any given time.

In relation to alternative actions that have been considered, CESB indicated that they engaged with the gas turbine OEM, GE, in relation to the option to 'peak fire' the machine in order to deliver increased output from the gas turbine and maintain a 1:1 decrement rate at higher loads. They stated that this is not possible due to increased wear on the combustion system of the machine.

SONI Response

SONI commented that they would be supportive of a time limited derogation and did not agree that it would be impossible to configure C30 and maintain it so that it could meet the 1:1 decrement rate. SONI also wished to highlight that the derogation will impact dispatch balancing costs and will reduce POR provision when C30 is dispatched to high MW output levels. SONI did however agree that scheduling POR against C30's achievable decrement rate is beneficial to security of supply

UR Decision

The UR has considered the information provided by CESB and SONI and all relevant factors relating to the derogation request.

The Utility Regulator now gives the following Direction:-

1. Pursuant to paragraph 12 of Condition 16 of the Licence to Participate in Transmission of Electricity (the "Licence Document") granted to SONI Limited, (the "Licensee"),

the Licensee is relieved of its obligations under Condition 16 of the Licence Document to implement, apply, comply with and enforce section GD2: (xiii) (c) of the SONI Grid Code (07 Aug 2015) in relation to the decrement rate value of 1:1 for CESB Generator C30.

2. The following conditions shall apply:-
 - The Licensee must agree a new decrement rate value with CESB in line with section GD2: (xiii) (c);
 - This Direction is valid until the 31st March 2022;
 - Should the asset be replaced, this Direction will not apply.
3. This Direction relates solely to the Coolkeeragh ESB C30 Generator and does not set a precedent for future derogations.

I further confirm that in complying with this Direction the Licensee shall not solely by virtue of such compliance be in breach of its obligations under paragraph 1 of Condition 16 of the Licence Document.

Signed

Name: Tanya Hedley

Date: 18 / 1 / 2018

Authorised by and on behalf of the Northern Ireland Authority for Utility Regulation